



New Horizon Energy Progress Report:

August 13, 2003

The Board of New Horizon Energy (NHE) wishes to advise on the significant progress achieved by the Company on its solar thermal project.

On February 26, 2003, NHE advised shareholders that the company had identified six prime sites for the commercialisation of production of natural energy using the proven Duke Solar Thermal Technology. The Company's goal was to then perform detailed evaluation of these prime sites with the view to identifying the best site/s for first development.

This extensive evaluation is now complete with three of the sites lending themselves to immediate development. NHE will now focus on fast tracking approvals for one of these sites. Development at this initial site is expected to commence in early 2004, followed by the other two sites in the following financial year.

Locations:

The proposed 3 sites are in Queensland (1 site) and New South Wales (2 sites).

Site analysis involved radiation testing, topographic assessment and factors involving engineering issues together with viability of grid connection. The potential impact on local communities from a social and environmental point of view have concluded that these proposed sites offer NHE and its stake holders the best possible results with all the benefits of natural energy production

Size:

Each site has the capacity to produce up to 20 Mws of natural energy. This energy will be sold to a suitable electricity utility company on a long term power purchase agreement (PPA) to help meet the current government imposed 2% renewable energy legislation. The price for this PPA is higher than that of conventionally produced electricity by 68 % (as sourced from current Energy Australia available market information). The energy provided by this project will assist the energy reseller to service around 6,000 homes. The plant can be built within 9 months post all associated approvals being satisfied.

The company is targeting completion of its first project within 12 months

Financial Data:

The budget for the 20 Mw facility enables the project to return an IRR of approximately 15% excluding any potential carbon credit income. The board of NHE is currently reviewing a number of financing and funding options to bring the project to market and maximise its return to stakeholders.

The likely model will be selling the completed project into an Infrastructure Fund with NHE earning management fees and development fees. This will have the effect of minimising the issue of new shares in the company.

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NHE sees the opportunity to build large numbers of these facilities with this funding method. Given Australia's radiation levels the possibilities for sites are substantial across the country.

Arrangements for accessing the technology are well advanced. Shareholders will be kept informed shortly as to the details.

Carbon Credits:

The project will be a significant producer of carbon credits. There has been some trading of carbon credits over the past 2 years, however, NHE has not added a value for carbon credits into its financial model at this stage.

The Board of NHE believes the carbon credit market will reach maturity when the EU scheme commences in 2005. The scheme will be cross border and the first of its type. NHE will benefit from this as the carbon credits will be held within the New Horizon Energy Carbon bank for future realisation.

Upcoming Phase:

The next phase will involve the technology suppliers, Duke Solar, completing its own engineering assessment and performing a due diligence on all remaining data. A comprehensive local government and municipal council education program will enable all the key approval factors to proceed within an acceptable time frame.

The company is setting a target for all approvals within 90 days.

With the opportunity for the NHE JV partner, Landfill Management Services (LMS), to be involved in the renewable energy parks as mentioned in announcement 26 February 2003, the positive result for both the environment and stakeholders is significant.

For further information please contact

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